

Message Text

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ACTION EUR-25

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COME-00 STR-08 TRSE-00 CIAE-00 DODE-00 PM-07 H-03

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FM AMEMBASSY VIENNA

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INFO AMEMBASSY BONN

AMEMBASSY LONDON

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AMEMBASSY BERN

AMEMBASSY ROME

AMEMBASSY OSLO

AMEMBASSY STOCKHOLM

AMEMBASSY THE HAGUE

USMISSION EC BRUSSELS

USMISSION OECD PARIS

C O N F I D E N T I A L VIENNA 9311

E.O. 11652: GDS

TAGS: ENRG, AU

SUBJECT: AUSTRIA AND OIL SITUATION

REF: VIENNA 9293 (NOTAL)

SUMMARY: AUSTRIAN OFFICIALS ARE GENERALLY CONFIDENT IN
GOA'S ABILITY TO DEAL WITH SUPPLY PROBLEM OVER COMING
MONTHS. THEY FEEL UNEASY ABOUT POSSIBLE LINKAGE OF OIL
DELIVERIES WITH GOA POSTURE ON ISRAELI-ARAB FRIENDSHIP
SPECTRUM AND HOPE FOR GREATER EUROPEAN COLLABORATION
ON OIL SITUATION IN OECD CONTEXT. END SUMMARY.

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1. DISCUSSING OIL SITUATION WITH VARIOUS AUSTRIAN OFFICIALS ONE GAINS DISTINCT IMPRESSION OF AN OUTWARD STANCE EXUDING CASUAL CONFIDENCE IN GOA'S ABILITY TO DEAL WITH SUPPLY PROBLEM OVER COMING MONTHS. BEHIND THIS CONFIDENCE, HOWEVER, LIES SOME ANXIETY THAT GOA'S PRESENT TACTICS IN DEALING WITH ISSUE OF TRANSITING SOVIET JEWISH EMIGRES AND VIEWS OF ARAB STATES THERE-ON COULD POSSIBLY BRING ABOUT LESS FAVOURABLE TURN OF EVENTS OF AUSTRIA'S CURRENT CAPABILITY TO OBTAIN NEAR EAST CRUDE FOR IMPORT THROUGH ITS TRIESTE-TO-SCHWECHAT PIPELINE (SEE REFTEL). IN OTHER WORDS, AUSTRIA COULD EVENTUALLY FEEL SQUEEZE AS MUCH AS OTHER EUROPEAN COUNTRIES. ON OTHER HAND, PRIVATE INTERNATIONAL COMPANIES OPERATING HERE, WHICH SUPPLY ABOUT ONE THIRD OF LOCAL OIL PRODUCT REQUIREMENTS USING IN PART SAME PIPELINE, ARE CONCERNED THAT OPEC PRODUCING COUNTRIES' CAMPAIGN AGAINST OIL MULTINATIONALS COULD LEAD TO CONSTRAINTS ON THEIR ABILITY TO OPERATE IN AUSTRIA AND THUS LEAVE LOCAL MARKET TO SINGLE AUSTRIAN (OEMV).

2. FACT THAT AUSTRIA CAN PROVIDE 25-30 PERCENT OF ITS PRESENT CRUDE OIL REQUIREMENTS FROM ITS OWN WELLS GIVES HER PREFERRED POSITION RELATIVE TO OTHER EUROPEAN COUNTRIES. WITH SHARP CURTAILMENT IN CONSUMPTION AND RATIONING, AND GIVEN THE AMPLE WATER SUPPLY FOR ELECTRIC POWER GENERATION, IMMEDIATE CRISIS PROBABLY COULD BE AVOIDED SHOULD TRIESTE-SCHWECHAT PIPELINE DRY UP TEMPORARILY. ON OTHER HAND, HIGH ENERGY PRICES AND/OR SLOWDOWN IN INDUSTRIAL ACTIVITY WOULD NOT BE CONDUCIVE TO POLITICAL/ECONOMIC STABILITY AND AFFLUENCE AUSTRIA CURRENTLY ENJOYS. THUS, FEDERAL GOVERNMENT LEADERS ARE NOT AT ALL HAPPY BY NOTION, APPARENTLY CONJURED UP BY LOCAL PRESS, THAT ARAB AMBASSADORS' EVALUATION OF AUSTRIA'S POSITION ON ARAB-ISRAEL FRIENDSHIP SPECTRUM MAY LEAD TO ARAB RESTRICTION ON OIL DESTINED FOR CONSUMPTION IN AUSTRIA. IN THIS CONNECTION, STATE SECRETARY EUGEN VESELSKY IN FEDERAL CHANCELLERY TOLD ECON/COMM COUNSELOR THAT GOA DISTINCTLY DISTURBED ABOUT PRESS TREATMENT OF TRANSITING SOVIET JEWISH EMIGRES ISSUE AND THAT HE WAS CONFIDENTIAL

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CONVINCED CERTAIN PAPERS WERE DELIBERATELY STIRRING UP ATMOSPHERE, THEREBY MAKING IT HARD FOR GOA TO DEAL IN LOW KEY WITH SCHOENAU CAMP MATTER BUT ALSO CREATING PROBLEMS THAT COULD BE HARMFUL TO AUSTRIAN ECONOMY.

3. VESELSKY, WHO CLOSELY FOLLOWS OECD DELIBERATIONS, WAS AWARE OF RECENT PARIS MEETING OF OECD OIL COMMITTEE AS WELL AS MEETING OF HIGH LEVEL GROUP (AUSTRIA IS NOT

MEMBER OF LATTER). HE REGRETTED THAT THERE SEEMED TO BE SO LITTLE INTEREST IN EUROPE IN JOINT ACTION AND FELT THAT OIL QUESTION SHOULD BE VIEWED BY EUROPEANS IN CONTEXT OF HARMONIZING INDUSTRIAL DEVELOPMENT POLICIES AS WELL AS IN CONTEXT OF DEALING WITH PROBLEM OF INFLATION. (AS DEPT AWARE, INFLATION IS SUBJECT OF SPECIAL INTEREST TO VESELSKY, WHO IN PAST HAS TAKEN INITIATIVES WITHIN OECD FOR INTERNATIONAL COLLABORATION IN DEALING WITH INFLATION.) IF EUROPEANS WOULD RECOGNIZE WHAT HARM LACK OF COOPERATION IN ENERGY POLICY COULD DO TO EC AND OECD OBJECTIVES, THEY MIGHT CONCLUDE THAT THERE IS A BROAD COMMUNITY OF INTEREST NOT TO DEAL WITH OIL CRISIS IN DISJOINTED FASHION.

4. COMMENT: VESELSKY'S OBSERVATIONS REFLECT GOA'S AMBIVALENCE RANGING FROM NEED TO KEEP NEUTRAL POSTURE TO DESIRE FOR SOME CONCERTED MULTILATERAL ACTION TO PREVENT PRODUCING COUNTRIES FROM OBTAINING UPPER HAND IN DICTATING BOTH POLITICAL AND ECONOMIC TERMS FOR SUPPLYING CRUDE. HE HOPED USG COULD TAKE LEAD IN OECD TO GENERATE SUCH ACTION. VESELSKY'S IDEA OF INDUCING COOPERATION WITHIN OECD, UNDER GENERAL RUBRIC OF COLLABORATION IN DEALING WITH INFLATIONARY PROBLEMS, MAY HAVE CONSIDERABLE MERIT. DEPT MAY WANT TO CONSIDER THIS APPROACH AT FUTURE OECD SESSIONS IF IT WISHES TO STEER EUROPEANS AWAY FROM NARROW VIEWS OF NATIONAL SELF-INTEREST THAT WERE APPARENT DURING OCT PARIS MEETINGS.HUMES

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